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March 9, 2004

## **APPEARANCES**

No. 41

## For City of Mason City, Iowa

Jerry Thompson, Consultant, Thompson & Associates, Des Moines, Iowa Brian Carrott, Human Resources Manager

# For Mason City Fire Fighters Association, Local Union No. 41

Charles Gribble, Attorney, Parrish Law Firm, Des Moines, Iowa Dustin Pillard, Lieutenant Craig Warner, Fire Fighter Tom Wollner, Fire Fighter Doug Janssen, Captain

#### JURISDICTION OF FACT-FINDER

The City of Mason City, Iowa (hereinafter referred to as the "City" or "Association") and Mason City Fire Fighters

Association, Local Union No. 41 (hereinafter referred to as the "Association") failed to conclude bargaining in negotiations for a successor collective bargaining agreement effective July 1, 2004 through June 30, 2005, and all mediation attempts failed.

The City and the Association (hereinafter referred to as the

"Parties") are now proceeding to fact-finding under the statutory impasse procedure set forth in Chapter 20 of the Iowa Code.

The fact-finder, Richard John Miller, Maple Grove,
Minnesota, was selected by the Parties from a panel submitted by
the Iowa Public Employment Relations Board. A hearing in the
matter convened on Thursday, February 26, 2004, at 10:00 a.m. in
City Hall, 1011 Sixth Street Southeast, Mason City, Iowa. The
Parties were afforded full opportunity to present evidence and
arguments in support of their respective positions. The Parties
elected to make closing arguments in lieu of filing post hearing
briefs. Following receipt of written evidence, testimony and
arguments from the Parties, the hearing was considered closed on
that date.

## BACKGROUND

The Association represents individuals employed by the City for purposes of collective bargaining. The Association was certified by the Public Employment Relations Board in 1976 to represent the City's Fire Department employees in the rank of Captain, Training Officer, Lieutenant and Fire Fighter. There are 31 members of the bargaining unit. At present, three employees hold the rank of Captain, one Training Officer, six Lieutenants and 21 Fire Fighters. A Chief and two Deputy Chiefs are excluded from the bargaining unit.

Fire Fighters are employed on three shifts. Each shift consists of one Captain, two Lieutenants, and seven Fire Fighters for a total of 10 total personnel. Fire Fighters work 24 hour shifts. Fire Fighters work a 27 day work cycle adopted under the Fair Labor Standards Act. Specifically, Fire Fighters work the following scheduled: One day on, one day off, one day on, one day off, one day on, four days off.

The Parties have been signatories to collective bargaining agreements since 1977. The current collective bargaining agreement expires on June 30, 2004. This is the first fact-finding hearing between the Parties.

## ISSUES AT IMPASSE

Negotiations between the Parties have resulted in agreements on all areas except wages and insurance. The Parties have agreed to continue all items contained in the current collective bargaining agreement (Association Exhibit #1), accepting only changes made by them through tentative agreements, and the recommendations of the fact-finder on the two unresolved items.

The Association in its final offer proposes a four percent (4%) across-the-board wage increase to be effective July 1, 2004. (Association Exhibit #2). The City proposes an across-the-board wage increase of one and a half percent (1.5%) to be effective July 1, 2004. (Association Exhibit #3).

On insurance the Association proposes that the City continue to pay the premium for single and family health insurance coverage. (Association Exhibit #2). The City proposes that each employee shall contribute \$45.00 per month towards the monthly health insurance premium for either single or family coverage as appropriate. (Association Exhibit #3).

#### RECOMMENDATIONS

An across-the-board wage increase of 3.0% to be effective July 1, 2004. The City should continue to pay the premium for single and family health insurance coverage.

#### RATIONALE

The Public Employment Relations Act provides no explicit criteria for fact-finder recommendations. It does, however, list factors arbitrators must consider in fashioning their awards at Section 20.22(9) of the Iowa Code. Since the fact-finder's recommendations may be selected later by an arbitrator if the Parties fail to reach final resolution on any of the outstanding impasse issues, it is important that those statutory criteria be given appropriate consideration by the fact-finder. The factors have been considered by the fact-finder as follows:

9. The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

- a. Past collective bargaining contracts between the parties, including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

Although wages and insurance are separate impasse items under Chapter 20, they are interrelated in this case with some of the factors under Section 20.22(9).

With regard to the first factor under Section 20.22(9), past bargaining history is not significant as to wages, except to note that the current year increases were different for the three unionized employee groups in the City (AFSCME-general employees, Fire Fighter, and Police represented by the Teamsters). The average wage increase was 3% rather than the same increase for the unionized groups. The reason for differing wage increases was due to the decision of some of the employee groups to trade-off a higher wage increase for maintaining the status quo with respect to employee's contribution toward the cost of the health insurance premium. For example, the Police received a higher

wage increase than the Fire Fighters because the Police

pay \$25 per month toward the family premium, while the Fire

Fighters pay nothing toward the cost of either single or family.

AFSCME members for the first time on July 1, 2004, will pay \$15 per month toward family premium and \$25 per month effective July 1, 2005. Non-Union employees pay \$25 per month for both single and family insurance. Clearly, there is no patterned bargaining settlements with respect to wages and health insurance among the City's unionized and non-unionized employees. Each particular unionized group has made conscious decisions on the value of trading wages for increased City contributions toward health insurance premiums.

Past bargaining history is an extremely relevant statutory factor as to health insurance. The Association proposes that the City continue to pay the premium for single and family health insurance coverage. The City proposes that for the first time, Fire Fighters pay \$45.00 per month for single or family health insurance coverage. Since the date the first contract was negotiated in 1977 between the Parties, the City has always paid the total cost of the single and family insurance premium. The City claims that Fire Fighters should share in the cost of single and family insurance premium because of the rapidly increasing cost of health insurance. The City's health insurance is self-

funded. Employer Exhibit #7 shows that the EHCT fund balance has been significantly reduced since June 30, 2001. The fund balance on June 30, 2001 was \$2,810,217. The fund balance has been reduced to \$1,329,920, which is more than 52% in the last 2 1/2 years. The City's Cumulative Liability under the plan has increased by \$695,813, or more than 65% from 2001 to 2003. (Id.)

The reasons for the City demise is two-fold; increased claims and lack of increasing insurance contributions. The City has not increased its insurance contribution for a period of 10 years. The City agreed in the 1993-1994 collective bargaining agreement to pay the full cost of the insurance premium and to contribute \$186.19 to the single premium and \$446.87 for the family premium. (Association Exhibit #14). The City while continuing to pay 100% of the single and family premiums in all the intervening years has never raised its contribution to the plan.

While it is true that claims has been increasing for the last two years, which are higher than in preceding years, the Employer still has an adequate fund balance to cover the costs of the successor contract (July 1, 2004 through June 30, 2005).

Moreover, there was no evidence of any pending major claims which would reduce the fund balance even further or reduce it to a stage of critical fund balance.

The City must bare the majority of the responsibility for the health insurance fund balance problem. If the City had increased its contribution to the single and family plan on a regular basis in the last ten years to build up a higher reserve to offset larger claims then there would be no claimed financial difficulty in dealing with increased insurance costs.

The City's approach of attempting to have the Fire Fighters contribute for the first time toward single and family health insurance premiums is also misplaced because it is seeking extremely higher premium contributions than are currently be paid or will be paid by other unionized or non-unionized groups in the City. None of these groups are paying \$45 per month for single and family contributions, as sought by the City for the Fire Fighters. In fact, the non-unionized group, which has no collective bargaining, only pays \$25 per month for single and family, while the other unionized groups will contribute only towards family insurance and nothing towards single insurance.

The City's approach is further misplaced because it is proposing that the Fire Fighters pay an extremely higher health insurance contribution rate in return for a proposed wage increase of 1.5%, which is lower than the only known wage settlement in the City. AFSCME has settled for wage adjustments of 2.75% and 3.0% in July 2004 and 2005 respectively. The AFSCME

employees will also begin to contribute toward the family health insurance premiums at the rate of \$15 per month effective July 1, 2004, and \$25 per month effective July 1, 2005. If the City was serious about having the Fire Fighters contribute toward health insurance for the first time, as they negotiated with the AFSCME group, one would have expected the Employer to have offered at least 2.75% and even more in wages. There clearly is no equitable quid pro quo being offered by the City for a change in the current practice of Fire Fighters paying nothing toward the single and family health insurance premiums. If such a trade-off is going to be made, it should be done by the Parties in negotiations rather than through the impasse procedure.

Another statutory criteria is comparability. The

Association alleges that the cities of Bettendorf (population
31,258), Burlington (26,839), Cedar Falls (36,145), Clinton
(27,772), Council Bluffs (58,268), Fort Dodge (25,136), Marion
(26,294), Marshalltown (26,009), Muscatine (22,697), and Ames
(50,731) are comparable to Mason City (29,172).

The City, on the other hand, has selected a group of 10

Iowa municipal fire departments for external comparison purposes.

They are Ankeny (27,117), Charles City (7,812), Clear Lake

(8,161), Clinton, Fort Dodge, Marshalltown, Newton (15,579),

Ottumwa (24,998), Spencer (11,317) and Webster City (8,176).

These same 10 cities have been used consistently by the City in previous impasse proceedings with other City bargaining units.

They have been selected as being "stand alone cities" (not adjacent to metropolitan areas), similar in population and geographic proximity.

This is the first time the Parties have found it necessary to utilize either the fact-finding or arbitration process under Chapter 20 of the Iowa Code. Consequently, there is no specific history of established comparability cities regarding Fire Fighters. However, during a fact-finding hearing last year one of City's other bargaining units proposed using Urbandale, West Des Moines and Bettendorf as comparables. At that time Fact-Finder Paul Lansing stated in his report, "Having lived in Iowa for a long time, I do not think the Union's inclusion of ... Bettendorf, Urbandale or West Des Moines is appropriate for comparison purposes. Those cities exist in a much different economic climate than does Mason City."

The most comparable cities are those "stand alone cities"

(not adjacent to metropolitan areas), similar in population and geographic proximity. The difficulty in this case is that there was few "stand alone cities" in the geographic proximity to Mason City, with similar populations. The best solution to this problem is to select "stand alone cities" around the state, which

will not be economically influenced by largest metropolitan cities. The smaller and larger cities proposed by both Parties, whether near Mason City or not, are not as comparable as similarly-sized "standing alone cities" across the state.

Generally speaking, largest cities tend to provide greater pay and benefits for employees and smaller cities provide less pay and benefits.

As a result, the most comparable "stand alone cities" to Mason City are Burlington, Clinton, Fort Dodge, Marshalltown, Muscatine, and Ottumwa. In analyzing the data with these comparables, the evidence shows that Mason City Fire Fighters are in the mainstream as to what is being paid in wages and in health insurance benefits. Three of the cities paid higher wages for Fire Fighters, four for Lieutenants and one for Captain. City is slightly behind the average for those comparable cities in the three job classifications. The only established wage settlements for next year (effective July 1, 2004) among the comparable cities are 4% for Fort Dodge, 3% for Burlington and 3% for Marshalltown. Ottumwa has proposed 3.4% for next year. should be noted, however, that both Fort Dodge and Marshalltown are coming off of a wage freeze which may reflect a higher settlement for next year. Clearly, the fact-finder's wage recommendation of 3% is within the mainstream of the settlements.

Three of the comparable cities (Burlington, Clinton and Fort Dodge) continue to pay 100% of the single and family premium for their fire fighters, while two cities (Marshalltown and Ottumwa) require employee contributions for both single and family health insurance and only one city (Muscatine) requires family health insurance contribution. It is extremely important to note that in the comparable cities, the employer contribution is greater and, in some cases, more than double the Employer contribution made in Mason City. Thus, Mason City is providing less money in health insurance premiums as other comparable cities.

Although the City should not be penalized for their excellence performance of the insurance fund in keeping their premium costs to a minimum, Fire Fighters should not be also penalized by having to pay for single or family health insurance premiums in light of their past bargaining history when other comparable cities are paying considerably more to their fire fighters.

The third factor is the interest and welfare of the public and the ability of the public employer to finance economic adjustments. The City does not make an inability to pay argument in this case.

The final factor is the power of the public employer to levy taxes and appropriate funds. Again, because the ability to pay

is not an issue, the fourth factor does not determinative in this case.

In the final analysis, the evidence establishes that the fact-finder's recommendations are fair, equitable, and affordable to both Parties and should be adopted by them.

Richard John Miller

Dated March 9, 2004, at Maple Grove, Minnesota.



## CERTIFICATE OF SERVICE

I certify that on March 9, 2004, I served the foregoing Fact-Finding Recommendations upon each of the parties' representatives to this matter and to the Iowa PERB by U.S. Regular Mail and facsimile at their respective addresses and facsimile telephone numbers as shown below:

Mr. Jerry Thompson Consultant Thompson & Associates 2813 Virginia Place Des Moines, IA 50321 515-282-6349

Mr. Charles Gribble Attorney Parrish Law Firm 2910 Grand Avenue Des Moines, IA 50312 515-284-1704

VIowa Public Employment Relations Board 514 East Locust Suite 202
Des Moines, IA 50309-1912
515-242-6511

Richard John Miller, Fact-Finder